

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6899**

**BILL NUMBER:** HB 1117

**NOTE PREPARED:** Feb 27, 2012

**BILL AMENDED:** Feb 27, 2012

**SUBJECT:** Regional Water, Sewage, or Waste Districts and Utilities.

**FIRST AUTHOR:** Rep. Wolkins

**FIRST SPONSOR:** Sen. Gard

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that if a not-for-profit sewer utility uses eminent domain to acquire an easement or right-of-way, the easement or right-of-way may not exceed 50 feet. It specifies that the following are not a not-for-profit utility: (1) A conservancy district. (2) For certain purposes, a utility owned, operated, or held in trust by a consolidated city. (3) A regional water, sewage, or solid waste district.

The bill requires notice and a hearing before a petition may be filed to establish a district. It establishes requirements for appointment to the board of trustees of a district.

The bill provides that a district or utility may not require a property owner to connect to the district's or utility's sewer system under certain conditions for ten years. It allows the property owner to apply for two five-year extensions. The bill also limits to \$100 the daily penalty for failing to connect to a sewer system.

The bill provides that if a district uses a flat charge to determine a rate or charge for a sewage works, the district must provide a written summary of how the flat charge was calculated.

The bill allows a campground or youth camp to be billed for sewage service at a flat rate or by installing a meter to measure the actual amount of sewage. It provides that, for billing purposes, a bed at a youth camp equals 1/8 residential equivalent unit.

The bill establishes a procedure by which a ratepayer may object to initial rates and charges established by a district.

The bill provides that sewer lien that is the only lien on a property may not be foreclosed.

The bill requires a health officer to verify the existence of unlawful conditions that transmit, generate, or promote disease before ordering their abatement. It provides that a person who provides false information to a health officer commits a Class C infraction. It requires a local health department to notify an applicant for a residential septic system permit of the existence of a district. The bill also provides that a homeowner may include in a residential sales disclosure form information relating to a district.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Penalty Provision:* The bill establishes a Class C infraction: knowingly or intentionally providing false information upon which a health officer relies in issuing an abatement order. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

**Explanation of Local Expenditures:** *District Trustees:* The bill requires the membership of a district board of trustees include an elected official representing a political subdivision that has territory within the district. Other trustees are required to be a ratepayer in the district or a resident of the district if no ratepayers are available.

*Public Hearing Before Establishing a Regional Water, Sewage, or Solid Waste District:* Representatives of eligible entities (counties, cities, and towns) would have to provide notice and a public hearing before a petition may be filed to establish a district. Any impact will depend upon local action.

*Objection to Initial Rates and Charges by Ratepayers:* This bill provides a procedure for ratepayers to object to the initial rates and charges of the district. If the lesser of 50 or 10% of the ratepayers file a petition, then the district authority must provide a public hearing and provide notice of the hearing by certified mail and by publishing the notice in a newspaper. Any increase in expenses will depend upon the extent that public hearings must be held by districts according to the provisions of this bill.

*Notifying Residential Septic System Permit Applicants about the Existence of Districts:* The bill requires a local health department to notify an applicant for a residential septic system permit of the existence of a regional sewage district if the property is located in the service district of a regional sewage district. This provision should have no fiscal impact.

*Written Statements on the Calculations of Flat Charges:* The bill requires a district board to summarize the method used to determine the amount of a flat charge used as a factor in determining a rate or charge for a sewage works. A copy of the summary is to be provided to each person who is required to pay the charge and who requests a paper copy of the summary. The impact of this provision should be minor and will depend on local circumstances and action.

*Local Health Officer Complaint Process:* The bill requires that local health departments document each complaint of unlawful conditions to include specific details to allow a department to verify the existence of conditions that are the subject of the complaint. The bill requires that a copy of the complaint is to be supplied to the person who is the subject of the complaint upon request.

**Explanation of Local Revenues:** (Revised) *Connecting to a Sewer System*. This bill provides that a district may not require property owners to connect to a district sewer system if:

- (1) the property owner's sewage disposal system is a septic tank soil absorption system that was new at the time of installation and approved in writing by the local health department;
- (2) the property owner obtains and provides to the district a certification from the local health department that the system is functioning satisfactorily.

A property owner who qualifies for this exemption and another current statutory exemption may not be required to connect for 10 years, and may also apply for two five-year extensions. However, exemptions from the requirement to connect to a district's sewer system may not exceed 20 years. The exemptions do not apply to an owner of property that is located within a consolidated city.

These provisions could decrease the number of property owners who connect to a sewer system, which would reduce the amount of revenue generated for the sewer district. The impact will depend upon the number of property owners who would qualify.

(Revised) *Penalties for Failure to Connect to a Sewer System*: Current statute provides that districts may provide by ordinance for reasonable penalties for failure to connect to a sewer system. This bill limits the penalties to no more than \$100 per day. Any impact will depend upon local action and circumstances.

*Penalty Provision*: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:**

**Local Agencies Affected:** Counties, regional sewer districts, local health departments, trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.